

# **UTILITY ADVISORY BOARD**

**Thursday, December 20, 2018**

**8:00 a.m.**

**Arnie's Bakery and Restaurant**

**815 Leonard St NW**

## **AGENDA**

1. Approval of Minutes – November 14 , 2018
2. Public Comment on Agenda Items
3. Adoption of UAB Policy 18-01- Water System Advisory Council
4. Recommendation to Appoint Members to the Water System Advisory Council
5. Adoption of the Water and Sewer Rates in Accordance with the 2018 Water/Sewer Rate Review
6. Discuss Moving the January Meeting
7. Updates
  - a. Monthly Contract Awards – November- Attached
8. Public Comment
9. Items from Members
10. Next Meeting – January 17 , 2018
11. Adjournment

**Utility Advisory Board**  
**November 14, 2018**  
**8:00 a.m.**  
**Minutes**

**Call to Order:**

**Present:** Tom Almonte, Tim Bradshaw, Nicole Pasch, Jeff Mccaul, Charles Schroeder, Molly Eastman, Sam Giffel, Dave Harran, Wayne Jernberg, Chad Reenders, Mike Lunn, Doug LaFave, Darrel Schmalzel, Ben Swayze, George Haga, Mark Rambo

**Also Present:** Izamar Contreras, Jenessa Carter, Nick Salazar, Brian Vu

**Call to Order**

Tom Almonte called the meeting to order at 8:01 a.m.

**Public Comment**

None

**Approval of Minutes**

Motion made by Wayne Jernberg, supported by Tim Bradshaw, to approve the minutes.

MOTION CARRIED.

**Water System Advisory Council Policy**

Wayne Jernberg gave an update on the Local Advisory Council and the new Lead and Copper Rule. The resolution to establish the council will be presented to City Commission on December 27<sup>th</sup>.

**Appointments to the Water System Advisory Council**

The Utility Advisory Board will recommend members to the council on December 20<sup>th</sup>. Committee on Appointments will confirm the appointments in January 2019.

**2018 Preliminary Water and Sewer Rate Study Presentation**

Molly Eastman presented the 2018 Water and Sewer Rate Study to the board. Cost of operations have increased due to vacancies being filled, and various infrastructure improvements at the Lake Michigan Filtration Plant. The proposed increase rate for water is 2.71% and for sewer 3.28%. Community partners have a month to provide feedback before the final approval from City Commission on December 18<sup>th</sup>.

**Biodigester**

Bids were received in July at \$44 million. Due to the bid being higher than expected, City Commission approved an extra \$9 million. Mike Lunn explained that HVAC and electrical cost cause the project to come in at a higher dollar amount than expected. Time Bradshaw asked if the contractor's bid is the final price

tag for the projects or if it is expected to continue to increase? Mike Lunn responded that it is not for certain due to GMP.

### **December Meeting Discussion**

The December meeting will take place at Arnie's Bakery and Restaurant located at 815 Leonard St NW, Grand Rapids.

### **Updates**

#### **a. Monthly Contract Awards**

Jeff McCaul gave an update on the September and October monthly contract award (attached).

#### **b. WRRF PFOS/PFOAS Update**

The City recently completed effluent analysis for PFOS, PFOAS and 24 other related compounds. This first sample is above Water Quality Standards (WQS) and triggers a monthly sampling requirement. The results were higher than most of the influent sample performed to date. Additional sampling has been scheduled to confirm the results. Based on sampling to date and known sources of PFOS/PFOAS in the system, the City is now required to establish an extensive PFAS Reduction Program, and work with sewer users to reduce the impact and continue to monitor. Wayne gave an update on PFAS in Cascade (attached). Lacks has agreed to pay for water testing and the Water System has shared their data with Lacks.

### **Public Comment**

None

### **Next Meeting**

December 20, 2018

### **Update from Members**

Mike Grenier gave an update on the construction projects occurring at the Lake Plant. The high lift pumps are being replaced and they are waiting on the manufacturer. In the next week the storm sewer improvements will be completed. Wayne Jernberg gave an update the new Lead and Copper Rule. The state legislature is trying to push new fees onto water systems to help establish a \$110 million state wide emergency fund for capital improvements projects. The MDEQ section of the AWWA is not supporting the new fees. More to come. Jeff McCaul stated that the City of Grand Rapids received a MDEQ grant to assist in replacing lead water service lines. Two more construction projects have been added due to the grant. Sam Giffel will be reaching to Mark Rambo about adding bill inserts in GR water bills. Dave Harran communicated that the Grand Rapids Water System recently received the *2017 Water Fluoridation Award*.

### **Adjournment**

The Utility Advisory Board was adjourned at 9:35 a.m.

### **Water System Advisory Council**

The Grand Rapids Water System (water supply) is establishing a Water System Advisory Council (Council) as required by the new state standard for the federal Lead and Copper Rule. Per the 2018 revision to the State of Michigan's Lead and Copper Rule, "Water Systems that serve a population of 50,000 or more, shall create a Water System Advisory Council". The Council shall operate as followed:

- a) The Council shall consist of at least 9 members, recommended by the Utility Advisory Board and approved by the Grand Rapids City Commission. To be eligible for appointment to the council, an individual shall have an interest in or knowledge about lead in drinking water and its effects. Membership shall consist of the following:
  - a. A local resident who does not formally represent the interest of any incorporated organization.
  - b. A representative from the Kent County Health Department or Michigan Department of Environmental Quality
  - c. Three (3) representatives from the City of Grand Rapids
  - d. A representative from the wholesale community of East Grand Rapids
  - e. A representative from the wholesale community of Ada Township
  - f. A representative from a Grand Rapids Neighborhood Association
  - g. A representative from the Grand Rapids Lead Free Task Force
- b) The business that the council performs shall be conducted at a public meeting of the council and held in compliance with the open meetings act, 1976 PA 267, MCL 15.26 to 15.275.
- c) The first meeting of a council shall be called by the water supply. At the first meeting, the council shall elect from its members a chairperson and other officers as it considers necessary.
- d) Council members shall serve 3 year terms with no term limits. After the first meeting, the council shall meet at least annually.
- e) The Council must include a member from each consecutive water supply served that is responsible for reporting out and complying with the State of Michigan's Lead and Copper Rule.
- f) Writing prepared, owned, used, in the possession of, or retained by the council in the performance of an official function is subject to the freedom of information act, 196 PA 442, MCL 15.231 to 15.246.
- g) The Council may independently seek advice, direction, and assistance from the department or the statewide advisory council.
- h) The Council will go into effect immediately after both the appointments are made by the Utility Advisory Board and the Grand Rapids City Commission approves of the appointments.
- i) The council shall do the following:

- i. Develop plans for continuing public awareness about lead in drinking water, even when the action level is not exceeded.
- ii. Review public awareness campaign materials provided by the statewide drinking water advisory council to ensure the needs and interests of the community, considering the economic and cultural diversity of its residents, are addressed.
- iii. Advise and consult with the water supply on the development of appropriate plans for remediation and public education to be implemented if a lead action level is exceeded.
- iv. Advise and consult with the water supply on efforts to replace private lead service lines at locations where the owner declines a lead service line replacement.
- v. Assist in promoting transparency of all data and documents related to lead in drinking water within the water supply service area.
- vi. Collaborate with local community groups to ensure that residents have the opportunity to be involved in efforts to educate the community about lead in drinking water.



# CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

**DATE:** December 20, 2018

**TO:** Utility Advisory Board (UAB) Members

**FROM:** Wayne Jernberg, Assistant Water System Manager

**SUBJECT:** **Recommendation to Appoint Members to the Water System Advisory Council**

In accordance with the State of Michigan's Lead and Copper Rule as well as UAB Policy #18-01, a Water System Advisory Council is required to be established by the local community water system, the City of Grand Rapids (City). It is recommended that the following individuals be approved to serve on the Water System Advisory Council and report (as a subcommittee) to the Utility Advisory Board following their meetings.

- Doug LaFave – City of East Grand Rapids
- Sara Simmonds – Kent County Health Department
- Tom Almonte – City of Grand Rapids
- Michael Grenier – City of Grand Rapids
- Paul Haan – Healthy Homes Coalition
- Wayne Jernberg – City of Grand Rapids
- George Haga – Ada Township
- Amy Brower- Roosevelt Park Neighborhood Association
- Taylor Devota

All of the individuals listed above meet the qualifications required by the State of Michigan and have agreed to serve on the Council to further improve the quality of drinking water and public health within limits of the Grand Rapids Water System. Additionally, Eric DeLong has been appointed to the statewide Lead Advisory Board.



# CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

**DATE:** December 18, 2018

**TO:** Mark Washington, City Manager

**COMMITTEE:** Committee of the Whole

**LIAISON:** Mark Washington, City Manager

**FROM:** Molly Eastman, Fiscal Services Manager  
Fiscal Services Department

**SUBJECT:** **Resolution approving water and sewer rates in accordance with the 2018 water/sewer rate review for the retail and wholesale Partner Communities of the City's Water Supply System and Sanitary Sewer System.**

The 2018 Preliminary Water/Sewer Rate Study recommended water and sewer utility rate adjustments as of January 1, 2019, for Grand Rapids and each partner community serviced by the water supply and sewage disposal systems. City Commission approval of rate adjustments for partner communities is required through resolution.

Utility Advisory Board (UAB) partners and other partner communities were notified of the recommended rate adjustments on November 9, 2018, followed by a thirty-day comment period expiring on December 11, 2018, as provided in the water and sanitary sewer service agreements. The UAB recommended approval of the proposed water and sewer rates on November 15, 2018. To-date, all rate questions from partner communities have been satisfactorily answered, no other comments have been received from the partner communities.

In summary, Water Supply System revenue requirements reflect a 2.71% increase or an additional \$1,156,591 more than revenues generated by the existing rates and charges, and the Sewage Disposal System revenue requirements reflect a 3.28% increase, or an additional \$1,734,422 more than revenues generated by the existing rates and charges.

The attached resolution approves the recommended water and sewer rates for the City's retail and wholesale partner communities for calendar year 2019. A summary of water and sewer revenue requirement changes, the retail and wholesale summary water and sewer rate sheets, and a rate schedule for each customer community is included with the resolution.

YOUR COMMITTEE OF THE WHOLE recommends adoption of the following resolution approving the attached adjusted water and sewer rates in accordance with the 2018 water/sewer rate review for the retail and wholesale Partner Communities of the City's Water Supply System and Sanitary Sewer System.

WHEREAS:

1. The Water/Sewer rate studies have been undertaken and completed for the years 1976 through 2017; and
2. The 2018 Water/Sewer Rate Review has been completed using the same general methodology as the 1976 through 2017 Water/Sewer Rate Studies, as adjusted where appropriate for the uniform water and sanitary sewer service agreements; therefore

RESOLVED:

1. That the attached water and sewer rates are approved for retail and wholesale partner communities of the City's Water Supply System and Sanitary Sewer System and shall be effective January 1, 2019; and
2. That the Fiscal Services Manager is directed to notify the contractual water and sewer service customers in writing of the water and sewer rates, and the Mayor and City Clerk are authorized to take any action as may be required to evidence the new water and sewer rates.

Prepared by Molly Eastman

**CITY OF GRAND RAPIDS, MICHIGAN**  
**2018 FINAL WATER/SEWER RATE STUDY**  
**SUMMARY OF REVENUE REQUIREMENT CHANGES**  
**FOR RATES EFFECTIVE JANUARY 1, 2019**  
**December 6, 2018**

	<u>WATER (1)</u>		<u>SEWER (1)</u>	
	<u>AMOUNT</u>	<u>PERCENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>
GRAND RAPIDS	\$ 548,029	2.17%	\$ 1,324,832	3.66%
WALKER	117,489	3.63%	68,451	1.48%
KENTWOOD	152,075	3.63%	148,459	3.59%
CASCADE TWP	130,176	3.63%	58,007	2.40%
GRAND RAPIDS TWP	81,885	3.63%	89,109	3.66%
TALLMADGE TWP	3,276	1.61%	(2,484)	-0.56%
WRIGHT TWP	N/A	N/A	9,970	3.66%
EAST GRAND RAPIDS	52,155	6.73%	2,915	0.39%
ADA TWP	38,784	3.07%	22,532	1.79%
OTTAWA COUNTY	37,691	1.72%	NA	NA
GAINES TWP	N/A	N/A	14,911	7.70%
CALEDONIA TWP	N/A	N/A	(2,280)	-1.57%
<b>SYSTEM</b>	<b>\$ 1,156,591</b>	<b>2.71%</b>	<b>\$ 1,734,422</b>	<b>3.28%</b>

(1) Change in revenue requirements based on revenues currently generated from rates, customer base and volumes reported in the preliminary rate study (Includes consideration for relief from CCCCCB).

**DISCLOSE RELIEF PROVIDED BY CITY & CUSTOMER COMMUNITY CIRCUIT BREAKER (CCCCB)**

	<u>WATER</u>		<u>SEWER</u>	
	<u>AMOUNT</u>	<u>PERCENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>
SYSTEM REVENUE REQUIREMENT	\$ 43,868,464	2.71%	\$ 54,611,300	3.28%
ADD: CCCCCB RELIEF	394,237	0.92%	307,829	0.58%
LESS: CAPITAL INVESTMENT REIMBURSEMENT			(107,854)	-0.21%
SYSTEM CHANGE- WITHOUT RELIEF	<u>\$ 44,262,701</u>	<u>3.63%</u>	<u>\$ 54,811,275</u>	<u>3.66%</u>

**CITY OF GRAND RAPIDS, MICHIGAN**  
**2018 FINAL WATER/SEWER RATE STUDY**  
**IMPACT OF RATE ADJUSTMENTS ON DOMESTIC USERS**  
**BY CUSTOMER COMMUNITY \***  
**December 6, 2018**

	<u>APPROXIMATE QUARTERLY BILL</u>		<u>CHANGE</u>	
	<u>2018</u>	<u>2019</u>	<u>DOLLARS</u>	<u>PERCENT</u>
<b>GRAND RAPIDS</b>				
WATER	\$ 84.48	\$ 86.28	\$ 1.80	2.13%
SEWER	114.69	119.04	4.35	3.79%
	<u>\$ 199.17</u>	<u>\$ 205.32</u>	<u>\$ 6.15</u>	3.09%
BASE RATIO	1.00	1.00		
<b>WALKER</b>				
WATER	\$ 82.47	\$ 85.32	\$ 2.85	3.46%
SEWER	131.80	133.55	1.75	1.33%
	<u>\$ 214.27</u>	<u>\$ 218.87</u>	<u>\$ 4.60</u>	2.15%
RATIO TO GR	1.08	1.07		
<b>KENTWOOD</b>				
WATER	\$ 84.72	\$ 87.48	\$ 2.76	3.26%
SEWER	71.03	73.22	2.19	3.08%
	<u>\$ 155.75</u>	<u>\$ 160.70</u>	<u>\$ 4.95</u>	3.18%
RATIO TO GR	0.78	0.78		
<b>CASCADE TWP</b>				
WATER	\$ 129.81	\$ 134.46	\$ 4.65	3.58%
SEWER	144.71	147.89	3.18	2.20%
	<u>\$ 274.52</u>	<u>\$ 282.35</u>	<u>\$ 7.83</u>	2.85%
RATIO TO GR	1.38	1.38		
<b>GRAND RAPIDS TWP</b>				
WATER	\$ 98.01	\$ 101.40	\$ 3.39	3.46%
SEWER	124.94	129.28	4.34	3.47%
	<u>\$ 222.95</u>	<u>\$ 230.68</u>	<u>\$ 7.73</u>	3.47%
RATIO TO GR	1.12	1.12		
<b>TALLMADGE TWP</b>				
WATER	\$ 108.48	\$ 110.61	\$ 2.13	1.96%
SEWER	283.89	282.06	(1.83)	-0.64%
	<u>\$ 392.37</u>	<u>\$ 392.67</u>	<u>\$ 0.30</u>	0.08%
RATIO TO GR	1.97	1.91		

\* THE COMPARISONS ABOVE ARE BASED ON SYSTEM AVERAGE DOMESTIC CUSTOMER  
QUARTERLY CONSUMPTION OF: WATER- 27.00 UNITS OR 20,196 GALLONS  
SEWER - 19.00 UNITS OR 14,212 GALLONS  
NO. OF MONTHS: 3

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**REU (RESIDENTIAL EQUIVALENT UNIT) CUSTOMER COMMUNITY- APPROXIMATE QUARTERLY BILL**

<b>WRIGHT TWP-</b>				
SEWER (No. of REU 1.00)	<u>\$ 161.19</u>	<u>\$ 167.10</u>	<u>\$ 5.91</u>	3.67%

**CITY OF GRAND RAPIDS, MICHIGAN**  
**2018 FINAL WATER/SEWER RATE STUDY**  
**IMPACT OF RATE ADJUSTMENTS ON COMMERCIAL USERS**  
**BY CUSTOMER COMMUNITY**  
**December 6, 2018**

	<u>APPROXIMATE QUARTERLY BILL</u>		<u>CHANGE</u>	
	<u>2018</u>	<u>2019</u>	<u>DOLLARS</u>	<u>PERCENT</u>
<b>GRAND RAPIDS</b>				
WATER	\$ 495.18	\$ 495.21	\$ 0.03	0.01%
SEWER	786.57	800.10	13.53	1.72%
	<u>\$ 1,281.75</u>	<u>\$ 1,295.31</u>	<u>\$ 13.56</u>	1.06%
BASE RATIO	1.00	1.00		
<b>WALKER</b>				
WATER	\$ 427.89	\$ 443.94	\$ 16.05	3.75%
SEWER	673.62	684.33	10.71	1.59%
	<u>\$ 1,101.51</u>	<u>\$ 1,128.27</u>	<u>\$ 26.76</u>	2.43%
RATIO TO GR	0.86	0.87		
<b>KENTWOOD</b>				
WATER	\$ 410.64	\$ 426.54	\$ 15.90	3.87%
SEWER	572.76	593.19	20.43	3.57%
	<u>\$ 983.40</u>	<u>\$ 1,019.73</u>	<u>\$ 36.33</u>	3.69%
RATIO TO GR	0.77	0.79		
<b>CASCADE TWP</b>				
WATER	\$ 634.17	\$ 656.97	\$ 22.80	3.60%
SEWER	714.48	731.31	16.83	2.36%
	<u>\$ 1,348.65</u>	<u>\$ 1,388.28</u>	<u>\$ 39.63</u>	2.94%
RATIO TO GR	1.05	1.07		
<b>GRAND RAPIDS TWP</b>				
WATER	\$ 492.69	\$ 511.47	\$ 18.78	3.81%
SEWER	625.59	648.06	22.47	3.59%
	<u>\$ 1,118.28</u>	<u>\$ 1,159.53</u>	<u>\$ 41.25</u>	3.69%
RATIO TO GR	0.87	0.90		
<b>TALLMADGE TWP</b>				
WATER	\$ 773.25	\$ 786.27	\$ 13.02	1.68%
SEWER	2,275.62	2,262.03	(13.59)	-0.60%
	<u>\$ 3,048.87</u>	<u>\$ 3,048.30</u>	<u>\$ (0.57)</u>	-0.02%
RATIO TO GR	2.38	2.35		

\* THE COMPARISONS ABOVE ARE BASED ON SYSTEM AVERAGE COMMERCIAL CUSTOMER  
QUARTERLY CONSUMPTION OF : WATER- 225.00 UNITS OR 168,300 GALLONS  
SEWER - 213.00 UNITS OR 159,324 GALLONS  
NO. OF MONTHS: 3

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**REU (RESIDENTIAL EQUIVALENT UNIT) CUSTOMER COMMUNITY- APPROXIMATE QUARTERLY BILL**

<b>WRIGHT TWP</b>				
SEWER (No. of REU 1.00)	<u>\$ 161.19</u>	<u>\$ 167.10</u>	<u>\$ 5.91</u>	3.67%

**CITY OF GRAND RAPIDS, MICHIGAN**  
**2018 FINAL WATER/SEWER RATE STUDY**  
**WATER & SEWER RATES FOR GRAND RAPIDS & RETAIL CUSTOMER COMMUNITIES**  
**EFFECTIVE JANUARY 1, 2019**  
**December 6, 2018**

**WATER RATES**

COMMODITY	METER CODE	GRAND RAPIDS	WALKER	KENTWOOD	CASCADE	GR. RAPIDS TOWNSHIP	TALLMADGE TOWNSHIP	WRIGHT TOWNSHIP
CHARGE (HCF)		\$ 1.98	\$ 1.70	\$ 1.58	\$ 2.41	\$ 1.92	\$ 3.38	NA
<b>MONTHLY SERVICE CHARGE BY METER SIZE</b>								
3/4" & Less	A	\$ 10.94	\$ 13.14	\$ 14.94	\$ 23.13	\$ 16.52	\$ 6.45	NA
1"	B	\$ 16.57	\$ 20.48	\$ 23.68	\$ 38.24	\$ 26.49	\$ 8.59	NA
1-1/4"	C	\$ 23.81	\$ 29.92	\$ 34.92	\$ 57.67	\$ 39.31	\$ 11.34	NA
1-1/2"	D	\$ 32.66	\$ 41.46	\$ 48.66	\$ 81.42	\$ 54.98	\$ 14.70	NA
2"	E	\$ 55.18	\$ 70.83	\$ 83.63	\$ 141.87	\$ 94.86	\$ 23.26	NA
3"	F	\$ 119.54	\$ 154.74	\$ 183.54	\$ 314.58	\$ 208.82	\$ 47.70	NA
4"	G	\$ 209.64	\$ 272.22	\$ 323.42	\$ 556.37	\$ 368.36	\$ 81.92	NA
6" & Over	H	\$ 467.06	\$ 607.86	\$ 723.06	\$ 1,247.22	\$ 824.18	\$ 179.70	NA

**SEWER RATES**

COMMODITY	METER CODE	GRAND RAPIDS	WALKER	KENTWOOD	CASCADE	GR. RAPIDS TOWNSHIP	TALLMADGE TOWNSHIP	WRIGHT TOWNSHIP
CHARGE (HCF)		\$ 3.33	\$ 2.54	\$ 2.63	\$ 2.66	\$ 2.38	\$ 9.87	NA
REU Charge (Monthly) *		NA	NA	NA	NA	NA	NA	\$ 55.70
<b>MONTHLY SERVICE CHARGE BY METER SIZE</b>								
3/4" & Less	A	\$ 18.59	\$ 28.43	\$ 7.75	\$ 32.45	\$ 28.02	\$ 31.51	NA
1"	B	\$ 30.27	\$ 47.77	\$ 11.00	\$ 54.91	\$ 47.04	\$ 53.24	NA
1-1/4"	C	\$ 45.29	\$ 72.63	\$ 15.18	\$ 83.79	\$ 71.49	\$ 81.18	NA
1-1/2"	D	\$ 63.65	\$ 103.01	\$ 20.29	\$ 119.09	\$ 101.37	\$ 115.33	NA
2"	E	\$ 110.38	\$ 180.35	\$ 33.29	\$ 208.94	\$ 177.44	\$ 202.25	NA
3"	F	\$ 243.89	\$ 401.33	\$ 70.45	\$ 465.65	\$ 394.77	\$ 450.61	NA
4"	G	\$ 430.80	\$ 710.70	\$ 122.47	\$ 825.04	\$ 699.04	\$ 798.31	NA
6" & Over	H	\$ 964.85	\$ 1,594.61	\$ 271.09	\$ 1,851.89	\$ 1,568.37	\$ 1,791.73	NA

\* REU - Residential Equivalent Unit (Wright Township Only)

**FIRE PROTECTION RATES- ALL GOVERNMENTAL UNITS**

6"	H	\$ 18.94	10"	J	\$ 52.66
8"	I	\$ 33.62	12"	K	\$ 75.77

**NOTE:** Monthly defined as 1/12th of 365 days.

**CITY OF GRAND RAPIDS, MICHIGAN**  
**2018 FINAL WATER/SEWER RATE STUDY**  
**IMPACT OF RATE ADJUSTMENTS ON WHOLESALE CUSTOMER COMMUNITIES**  
**EFFECTIVE JANUARY 1, 2019**  
**December 6, 2018**

	<u>2018</u>	<u>2019</u>	<u>PERCENTAGE CHANGE</u>
<b>EAST GRAND RAPIDS</b>			
WATER - SERVICE (MONTHLY)	\$14,728.00	\$17,209.00	16.85%
- COMMODITY (100 CF)	\$1.07	\$1.11	3.74%
SEWER - SERVICE (MONTHLY)	\$2,198.00	\$2,243.00	2.05%
- COMMODITY (MG)	\$1,834.00	\$1,840.00	0.33%
 <b>ADA TWP</b>			
WATER - SERVICE	\$41,158.00	\$42,811.00	4.02%
- COMMODITY	\$1.22	\$1.25	2.46%
SEWER - SERVICE	\$45,942.00	\$46,008.00	0.14%
- COMMODITY	\$2,288.00	\$2,358.00	3.06%
 <b>OTTAWA COUNTY</b>			
WATER - SERVICE	\$414.00	\$445.00	7.49%
- COMMODITY	\$1.17	\$1.19	1.71%
 <b>GAINES TWP</b>			
SEWER - SERVICE	\$1,488.00	\$1,605.00	7.86%
- COMMODITY	\$1,549.00	\$1,668.00	7.68%
 <b>CALEDONIA TWP</b>			
SEWER - SERVICE	\$719.00	\$752.00	4.59%
- COMMODITY	\$4,587.00	\$4,497.00	-1.96%

**NOTE:** Monthly defined as 1/12th of 365 days.

# MEMORANDUM

CITY OF GRAND RAPIDS

**DATE:** December 18, 2018

**TO:** City of Grand Rapids Mayor and City Commissioners

**FROM:** Molly Eastman, Fiscal Services Manager

**SUBJECT:** 2018 Rate Study – City of Grand Rapids 20 Day Public Comment Period Comments and Answers

During the 2018 Water and Sewer Rate Study comment period, the City of Grand Rapids received the below comments. As indicated at the Committee of the Whole Preliminary Rate Study Presentation on November 13, 2018, all public comments received will be reviewed by staff and considered as part of the FY2020 budget planning process.

Friday, November 27, 2018:

**Customer Phone call to the Executive Office:**

I took a call from George Wheeler (717 9th Street NW 66-250-8313) this afternoon. He is a 60 year old Grand Rapids resident on a fixed income. He had several concerns that he wanted to share. They are listed below:

- For the Mayor – extremely upset about bikes not following the same rules as automobiles and recalls the police chief saying he would never ticket a bicyclist. He had lots of other comments about bikes in GR but safety was the primary concern he wanted to share with the Mayor.
- For his 1st ward commissioners – he attended a city commission meeting that was in the first ward last year and was not impressed. He expected to be able to talk to his commissioners. He does not have email and has cataracts so he is unable to attend city commission meetings. He also doesn't want to pay for parking (I explained we take care of that). His impression of City Hall is that we are not transparent and that we do not do anything worthwhile but raise rates (see next bullet).
- Concerned about the increase in water rates that he read about in the GR Press recently. See bullet 2
- Concerned about all the barriers to getting around his part of the city (due to construction near Alpine and Leonard).

*Response:*

*I called back George Wheeler on 11/29/18. A lot of his concern had to do with the newspaper article that implied the rate increase would cause his quarterly bill to go up by over \$200 a month. I explained it could have been explained better and that his quarterly bill is in fact only going up roughly \$6 a month.*

*He also wanted to make sure his commissioners were aware of his phone call and concerns. I explained to him that all communications received will be reported on December 18<sup>th</sup> at the Committee of the Whole and his comments left with the executive staff would be relayed as well.*

Monday, November 19, 2018:

**Email from Carmine Bosco:**

**From:** Carmine Bosco [<mailto:Bosco2041@comcast.net>]  
**Sent:** Monday, November 19, 2018 12:03 PM  
**To:** Customer Service Information Center <[csic1@grand-rapids.mi.us](mailto:csic1@grand-rapids.mi.us)>  
**Cc:** Carmine Bosco <[Bosco2041@comcast.net](mailto:Bosco2041@comcast.net)>  
**Subject:** Water & Sewer Rate hikes

Dear City Commission:

I am writing this email to protest the very significant rate increases for water and sewer delivery. I believe these increases are not justified for the following reasons:

- First of all the Departments of Water and Sewer have failed to deliver any significant cost savings or productivity gains in the normal competition of their duties in recent years.
- Secondly, residential customers are bearing an unfair burden of costs associated with the continuous expansion and upgrading of the system to accommodate developers of homes, apartments, buildings and mall areas. These developers and business have been granted excessively high releases from paying taxes.
- Also existing business such as Founder's Beer are imposing a significant capital expenditure for the system with the digester to accommodate the massive expansions of their businesses and business waste.. May I remind the commission these are extremely profitable businesses who need to pay a fairer share of the costs to accommodate their businesses
- These requested increases are in essence a "tax increase" on the citizens of the greater Grand Rapids community.
- Finally our Water and Sewage costs are really outrageous for a State so plentiful in water. I have lived in six other communities that had to either use wells or bring water in over 30 miles and their water and sewage rates were much lower.

Finally on a more personal note, I have called and left messages for the water department to see if it is possible to get a second meter for our residential home and NEVER have the CALLS been returned! Does anyone within the department care about the customer base?

I trust the Commission will do it's duty and vote down these ridiculous increases!. It is further compounded as you distribute the water to Cascade TWP. and they add on their little bit of profit to raise the prices even more and all they do is watch the water flow through the lines.

Sincerely;

Carmine Bosco  
2041 Tall Pines Dr. SE  
Grand Rapids, MI 49546  
616-575-0966

*Response:*

**From:** Eastman, Molly  
**Sent:** Wednesday, November 21, 2018 3:34 PM  
**To:** 'Bosco2041@comcast.net' <Bosco2041@comcast.net>  
**Subject:** Response to email titled "Water & Sewer rate hikes"

Dear Carmine Bosco,

On behalf of the City Commission as well as the City of Grand Rapids, I would like to thank you for your email in response to the 2018 Preliminary Water and Sewer Rate Study. The feedback we receive is important and your letter as well as this response will be relayed to the Commission and the staff involved in delivery of water and sewer service. I will address your specific concerns from your letter below:

1. *"Water and Sewer have failed to deliver any significant cost savings or productivity gains in their duties in the normal competition of their duties in recent years."*

The water and sewer utilities have employed asset management tactics to replace old failing infrastructure strategically in recent years so that it would not cause large rate increases. Programs like removing lead materials from the Water System has been costly but it is necessary for the betterment of public health.

Looking specifically at operating expenses, the Water System spent nearly the same amount in 2018 relative to 2011. This is reflective of the saving achieved from initiatives like the SCADA system. SCADA, which stands for supervisory control and data acquisition, networks all infrastructure in the system like pumps to report back processing information immediately to the plant. It also allows a single operator at the plant to readily make adjustments or if necessary dispatch a team to repair the piece of infrastructure being monitored. This has proven to allow us to more effectively manage field operations staff so there isn't an interruption of service to the customer. Increase costs due to growth in the System in areas like Cascade or Grand Rapids Township have been offset largely from implementing new programs like this as well as being able to benefit from more users to spread-out overall costs.

2. *"Residential customers are bearing an unfair burden of costs associated with the continuous expansion and upgrading of the system to accommodate developers of homes, apartments, buildings and mall areas. These developers and business have been granted excessively high releases from paying taxes."*

I am unaware if you are speaking to a specific example, but I will say as the financial manager of the water and sanitary sewer system, no development or expansion is considered without proving it will provide benefit to the existing customer base. With growth, economies of scale happen where overhead costs get allocated across a larger customer base. More revenue is also generated with more customers so that can also maintain or drive down rates.

3. *"Also existing business such as Founder's Beer are imposing a significant capital expenditure for the system with the digester to accommodate the massive expansions of their businesses and business waste. May I remind the commission these are extremely profitable businesses who need to pay a fairer share of the costs to accommodate their businesses."*

The Water and Sanitary Sewer rate methodology is designed to be consistent and equitable. As explain in question #2, anything requiring financial investment of the System must be cost effective. Another layer of approval for any financing activity is the City Commission who appropriates the annual operating and capital budget as well as Utility Advisory Board who meet monthly to discuss

the Water and Sanitary Sewer operations. Every partner community has representation on this board including Cascade. Both the City Commission and the Utility Advisory Board are also open public forums.

Specifically concerning the Digester program, the Sanitary Sewer System is reaching a capacity level where plant expansion is necessary. When determining to go forward with the digester, all avenues were explored. A full plant expansion was estimated to cost significantly greater than implementing the bio-digestion program, with similar gains in productivity, therefore it was the most cost effective means of continuing to serve the customer base going forward. The Digester Program with the revenues anticipated from the sale of methane gas is currently estimated to have a positive impact on rates.

4. *"These requested increases are in essence a 'tax increase' on the citizens of the greater Grand Rapids community."*

The Water and Sanitary Sewer System is subject to federal and state requirements to ensure that rates are based on the cost of providing service and not a revenue generating exercise. The Michigan Supreme Court even developed a test for user charges in *Bolt v. City of Lansing* to define the difference between a user charge and a tax. The annual rate study for the Grand Rapids System is a thorough methodology which outlines the costs and revenues and is modeled to ensure all rates are accurate and defensible. This rate methodology has been in place since 1976.

5. *"...Water and Sewage cost are really outrageous for a State so plentiful in water. I have lived in six other communities that had to either use wells or bring water in over 30 miles and their water and sewage rates were much lower."*

The water and sanitary sewer service provided to the customer requires treatment. The source of the water for the Grand Rapids Water Utility is Lake Michigan. This is one of the cleanest sources but there is still treatment required before it can be transported and used by customers. The water rates in Grand Rapids are among the lowest in the State of Michigan including water systems that draw from underground aquifers.

6. *"I have called and left messages for the Water Department to see if it is possible to get a second meter for our residential home and NEVER have the CALLS been returned! Does anyone within the department care about the customer base?"*

I will personally call our utility business office and have someone contact you within 24 hours. I am sorry your messages were unanswered and will find out how that happened. If they do not contact you within the next day please email me and let me know. The utility business office strives to deliver excellent customer service so I appreciate your patience as we troubleshoot this issue.

7. *"I trust the Commission will do its duty and vote down these ridiculous increases! It is further compounded as you distribute water to Cascade TWP and they add on their little bit of profit to raise prices even more and all they do is watch the water flow through the lines."*

The Water and Sanitary Sewer Rates for the City of Grand Rapids and Partner Communities, including Cascade will be on the agenda as a resolution on December 18, 2018. This letter and my response will be given to the Commissioners. You are welcome to come to the meeting and participate as there is an open comment period.

Cascade is a retail customer so they do not have the ability to add on any type of profit to your bill. Per the response in question #4, it is illegal in the state of Michigan to inflict a user charge on customers for revenue generating purposes. They must be centered on cost recovery. The bill you receive for water or sanitary service is strictly based on what is outlined in the annual rate study.

Here is the path to the 2018 Preliminary Water and Sanitary Sewer Rate Study:

<https://www.grandrapidsmi.gov/Government/Departments/Water-System/Water-and-Sewer-Rate-Studies>

If you click on the link to the 2018 study you will also find a path to the Citizen's Guide. Both of these tools are also available in the City of Grand Rapids Clerk's Office.

I attached the presentation delivered to the Utility Advisory Board and the City Commission for your review. If you have further questions please let me know.

Thank you.

**Molly Eastman**  
**Fiscal Services Manager**  
City of Grand Rapids  
[meastman@grand-rapids.mi.us](mailto:meastman@grand-rapids.mi.us)

300 Monroe Ave NW  
Grand Rapids MI | 49503  
T: 616.456.3269 | F: 616.456.4655  
W: [grandrapidsmi.gov](http://grandrapidsmi.gov)

Monday, December 1, 2018:

**Letter from Richard C. Dalrymple:**

2019

WATER & SEWER BUDGET

DEC. 1, 2018

FEES & RATES

PUBLIC COMMENTS

ATTN. CITY CLERK'S OFFICE

ATTN: CITY COMMISSIONERS

WHO ARE THE CITY HALL ADVOCATES FOR THE GRD RPDS CITY RESIDENTS?  
DOES THE CITY MANAGER AGREE WITH "CITY STAFF" ON ITS BUDGET PROCESS  
FOR REVENUE FOR THE DEPARTMENT?

THE WATER & SEWER RATES HAVE INCREASED 140% SINCE THE YEAR 2000, AGAIN  
who is the watch DOG FOR THE CITIZENS.

THE NEW REPLACEMENT WATER & SEWER OLD PIPES IN THE STREETS STARTED  
LONG AGO IN THE 90'S THEY MUST BE PAID FOR BY NOW, WE HAD TO PAY LARGE  
FEES FOR THESE REPLACEMENTS, AFTER THE REPLACEMENT THE FEES WERE NEVER  
REDUCED AS THEY LED US TO BELIEVE WOULD HAPPEN HAVE PAYING OFF THE WORK.

WHY DON'T WE USE THE SPECTRUM OF REVENUE RESOURCES FOR WATER & SEWER  
IMPROVEMENTS THE CITY HAS.

WATER & SEWER SEEMS TO BE TREATED AS A HIRED CONTRACTOR NOT A PART OF  
THE CITY BUDGET PROCESS.

THE CITY HAS UNLIMITED AMOUNTS OF MONEY IN THE GENERAL FUND AND OR  
RAINY DAY FUNDS, LET'S FIND OUT WHO GIVES THE OK TO USE IT. e.g. THE  
GOVERNOR OF MICHIGAN HAS OVER A BILLION DOLLARS IN HIS FUND AVAILABLE.

change  
SHOULD THE CITY OF GR ITS POLICY REGARDING GENERAL FUND USAGE?  
WATER & SEWER DEPT. SHOULD BE ASKING FOR A LARGER GENERAL FUND APPROPRI-  
ATION, FOR ASSETS, INFRASTRUCTURE IMPROVEMENTS, LEAD SERVICE REPLACEMENT,  
& LAKE MICH. WATER PLANT NOT ALWAYS GOING TO THE LOWLY WATER & SEWER  
CUSTOMER, WE PAID FOR THE WATER & SEWER WORK YEARS AGO. USE GENERAL  
FUND INCOME.

THE CITY COMMISSIONERS NEED TO PROTECT THE CITIZENS FROM UNFAIR COSTS  
TO THEM WHEN THE CITY ITSELF HAS THE FINANCES AVAILABLE TO USE.

HOW ABOUT THE BIODIGESTER PROJECT ONLY \$\$\$ 58,000,000 MILLION DOLLARS.  
USING REVENUE BONDS, FEDERAL GRANTS, AND MAINLY WATER CUSTOMERS.

THE CITY COMMISSIONERS MUST CONTINUE TO PROTECT THE CITIZENS FROM UNFAIR  
COSTS TO THEM WHEN THE CITY ITSELF HAS ALL THE RESOURCES TO COVER SAID  
COSTS. LETS NOT VOTE CARTE BLANCHE ON THESE ISSUES, DO YOUR DUTIES  
TO INVESTIGATE & HELP THE CITIZENS OF GRDPRS, BE AN ADVOCATE FOR US,  
THATS WHY WE VOTED FOR YOU.

THANK YOU, REGARDS

*Richard C. Dalrymple*

RICHARD C. DALRYMPLE  
2019 BRUNSINK NE  
GRAND RAPIDS MI 49503



**City of Grand Rapids**  
Water and Sewer Customer Service  
(616) 456 - 3000

Customer Service  
300 Monroe Avenue NW  
Grand Rapids, MI 49503  
2440036

Account Number	Bill Date	Due Date
WS2059457	11/20/18	12/11/18

Service Address
2019 BRUNSINK DR NE

Meter Reading		
Date	Type	Reading
Previous: 08/07/18	RR	53
Current: 11/06/18	RR	80

Service Type
Residential Quarterly - WATER, SEWER

Government Unit	Invoice
GRPDS	2059457

Days Billed:	91
Meter Change Units:	0
Metered Units Used:	27
Total Units Used:	27

**Summary of Charges**

Previous Balance	\$132.91
Payment Received - Thank You	-\$140.00
<b>Balance Before Current Charges</b>	<b>-\$7.09</b>

<b>Current Charges</b>			
Water Commodity Chg Grand Rapids	27 UNITS @ \$2.00	New 1.80?	\$54.00
Water Quarterly Base Grand Rapids			\$30.39
Sewer Qtr Winter Avg Grand Rapids	13 UNITS @ \$3.30	4.35	\$42.90
Sewer Quarterly Base Grand Rapids			\$51.85
<b>Total Current Charges</b>			<b>\$179.14</b>

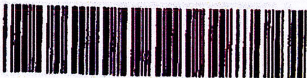
**Total Amount Due: \$172.05**

What's going on in Grand Rapids? Learn more about our great City by signing up for a free subscription to GRConnect, a monthly e-newsletter tailored specifically for each of our city's three wards. Sign-up today at [www.grandrapidsmi.gov/GRConnect](http://www.grandrapidsmi.gov/GRConnect)

*Every thing is installed + Paid fee, \$82.24 what does it cover?*  
*Base Fee?*  
*2 adults 80 + 79 years old, same house 40 years, water for grass now the rates need to go up didn't use enough?*

Past due accounts will be assessed a 10% late fee on the total current charges and applicable fees.

Return this portion with payment. Make checks payable to Grand Rapids City Treasurer.  
If one of the payment options below is not received on or before the due date, your service is eligible for cutoff.



City of Grand Rapids Treasurer  
RM 220 City Hall - Water/Sewer  
300 Monroe Avenue NW  
Grand Rapids MI 49503-2296

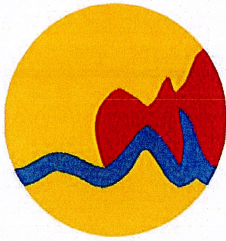
Bill Date	Due Date
11/20/18	12/11/18
Service Address	Account Number
2019 BRUNSINK DR NE	WS2059457
Total Amount Due	Monthly Option
\$172.05	\$52.62

111 1 AV 0.378 0103768-GRWS112846-GR1GRP-000111

RICHARD DALRYMPLE  
2019 BRUNSINK DR NE  
GRAND RAPIDS MI 49503-2124

Amount Enclosed:

1808 00000020594570 00017205 00005262



## CITY OF GRAND RAPIDS

12/05/2018

Richard C. Dalrymple  
2019 Brunsink NE  
Grand Rapids, MI 49503

Dear Mr. Dalrymple,

Thank you for your letter in regards to the Water and Sewer Budget, Fees, and Rates. The City Commission received your letter at their meeting on December 4<sup>th</sup> and appreciate your feedback as it helps us better understand the community's concerns and helps us to get better at effectively communicating information about City services. I wanted to write you back to address some of your concerns before these rates are adopted for 2019.

The annual rate study is a comprehensive review of operating and capital costs of the Water and Sanitary Sewer Systems. The rate study methodology was first established in 1976 and yields consistent results in providing fair and equitable rates to the System users. I am unsure how you calculated a 140% rate increase since the year 2000 but I did pull some information of how System costs impact a Grand Rapids customer like you. For water service, the annual cost to maintain the City of Grand Rapids system was \$22.5 million in the year 2000. In the 2018 rate study, it is \$25.8 million which is a 15% increase over time. This is much smaller increase than would be expected during this time period and is indicative of the Water System being behind on asset replacement. This percentage also represents some savings achieved through employing innovative technology to improve operational efficiencies.

The Sewer system costs changes for the City of Grand Rapids have more of a history. In the year 2000, the cost was \$22.9 million while in the 2018 rate study it is \$37.5 million. This is a 64% increase. The sewer rates for the City of Grand Rapids grew dramatically because of the combined sewer overflow work that needed to occur per the DEQ requirements. There has been over \$300 million worth of work to reduce overflow frequency and volume which has helped river quality. This work was financed through the Sewer utility with bonds as well as State assisted financing which provided lower lending rates which both are paid back over time. The other main factor which increased the sewer costs was the loss of North Kent as part of the Sanitary Sewer System in 2008. North Kent accounted for over 10% of flow. With the loss of this usage, the System partner communities including the City of Grand Rapids had to compensate.

You make reference to using the general fund to supplement water and sewer rates. While this is an option the City could do, historically this has not been done. The general fund is not a guaranteed ongoing revenue source. With the general fund money being appropriated annually, water and sewer rate payers could be helped in one year, the next year however there may be economic or political factors that would eliminate this funding source. Losing that contribution could cause rate shock or a dramatic rate increase. Instead utilities like the Water and Sanitary Sewer System in Grand Rapids operate to be fiscally sustainable so their capital and operating costs can be supported by the revenues generated by the System and managed overtime to avoid dramatic increases and decreases in rates. It is in the interest of water and sewer rate payers to be removed from any political influence and remain financially self-sufficient.

The Biodigestion project was also mentioned as a huge cost that is being bore by rate payers. You are correct, this is a huge undertaking by the Sewer Utility. The biodigestion project came about when System managers were evaluating options for dealing with how to manage the utility with the treatment plant nearing capacity and would be in need of a costly expansion. The biodigestion project was chosen because it offered a more cost effective and creative solution for effectively dealing with waste. This includes a gas-to-energy project. Through sale of methane gas, the utility will be able to temper rates in the future.

Per your comments on your water and sewer bill, the commodity charge on your bill represents the necessary revenue needed to cover the costs related to System assets shared by all users regardless of location. An example of this would be the operation and maintenance of the sewer plant and the depreciation associated with those buildings. The other charge on your bill "Quarterly base" is another way of saying Monthly Service Charge. An example of this includes the infrastructure costs specific to the City of Grand Rapids as well as the cost to bill you as a customer. Cost associated with other customer communities like a watermain that specifically serves Cascade Township, are allocated to Cascade specifically and recognized in their Quarterly base charge.

Below, I laid out how your bill is calculated as well as how your bill will be calculated with the new rates for 2019:

Current Bill (11/20/18-12/11/18):

Charges:	Units	Rate	Calculation	Total
Water Commodity Charge	27 units	\$2.00 per unit	27 units x \$2.00	\$54.00
Water Quarterly Base Charge (Monthly Service Charge)		\$10.16 per month	\$10.16 x 12 months/365days x 91 days billed	\$30.39
Sewer Commodity Charge	13 units	\$3.30 per unit	13 units x \$3.30	\$42.90
Sewer Quarterly Base Charge (Monthly Service Charge)		\$17.33 per month	\$17.33 x 12 months/365 days x 91 days billed	\$51.85
			<b>Total Quarterly Bill</b>	<b>\$179.14</b>

Current Bill with 2019 anticipated rates:

Charges:	Units	Rate	Calculation	Total
Water Commodity Charge	27 units	\$1.98 per unit	27 units x \$1.98	\$53.46
Water Quarterly Base Charge (Monthly Service Charge)		\$10.94 per month	\$10.94 x 12 months/365days x 91 days billed	\$32.73
Sewer Commodity Charge	13 units	\$3.33 per unit	13 units x \$3.33	\$43.29
Sewer Quarterly Base Charge (Monthly Service Charge)		\$18.59 per month	\$18.59 x 12 months/365 days x 91 days billed	\$55.61
			<b>Total Quarterly Bill</b>	<b>\$185.09</b>

As you can see, the quarterly impact on your bill using the same usage assumption results in \$5.95 increase or \$1.98 per month.

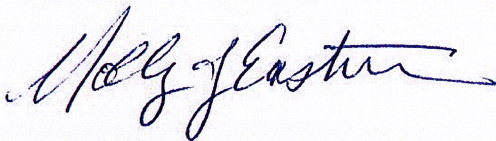
The Water and Sanitary Sewer rates for 2019 are anticipated to be adopted on December 18, 2018 at the City Commission meeting. You are welcome to attend as well as the Utility Advisory Board meetings if you would like to participate more in the discussion regarding the management of water and sewer service in the City of Grand Rapids.

If you use a computer, you can access the 2018 Preliminary Water and Sanitary Sewer Rate Study:  
<https://www.grandrapidsmi.gov/Government/Departments/Water-System/Water-and-Sewer-Rate-Studies>

If you click on the link to the 2018 Study you will also find a path to the Citizen's Guide. Both of these tools are also available in the City of Grand Rapids Clerk's Office.

This letter will be shared with the City Commission so they are aware your concerns were addressed. Please let me know if I can provide any other information to help answer your questions.

Sincerely,



Molly J. Eastman  
Fiscal Services Manager  
616-456-3269  
meastman@grandrapids.mi.us

**Water/Sewer UAB Report  
November 2018**

<b>Project Name</b>	<b>Contractor(s)</b>	<b>Award Date</b>	<b>Substantial Completion Date</b>	<b>Final Completion Date</b>	<b>Water Fund Authorized NTE Amt</b>	<b>Sewer Fund Authorized NTE Amt</b>	<b>Est. Year for Rates</b>	<b>Integrated (Y/N)</b>
Disconnection of Private Footing Drain and Installation of Sump Pumps and Backwater Valves at Various Locations - 2018 - 2021	McDonald Plumbing, Inc; Alternative Mechanical, LLC	11/13/18	9/10/21	9/10/2021		\$ 650,000.00	2022	Y
Renewable Natural Gas (RNG) Conditioning System at the Water Resource Recovery Facility	Tetra Tech of Michigan, P.C. (Consultant)	11/13/18	N/A	N/A		\$446,250		Y